

Kissinger Isn't in the Circle

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Ronald Reagan's view of international affairs is attractively simple: The Soviet Union is the source of all the world's troubles.

"Let's not delude ourselves," he says in an interview. "The Soviet Union underlies all the unrest that is going on. If they weren't engaged in this game of dominoes, there wouldn't be any hot spots in the world."

This perspective worries both Americans and foreign diplomats who fear that Mr. Reagan, in haste to check the Russians, could ignite a world war. An experienced European diplomat says:

"We're afraid you Americans may trade a bunch of incompetents for a bunch of nuts."

Despite Mr. Reagan's tough talk, he says he isn't itching for a showdown. He believes that Russia is militarily superior to this country and that the first order of business for the U.S. must be rebuilding conventional and strategic military strength—even if it means an unbalanced federal budget. In the meantime, he says, Washington must make clear to Moscow where the U.S. will draw the line to defend its interests, but must avoid blustery talk that can't be matched with action.

Accused of Naivete

If recklessness isn't Mr. Reagan's problem, inexperience and naivete about foreign affairs may be. At this point, critics say, he demonstrates little grasp of complex international issues and seems unable to relate specific problems to his broad philosophical design. More important, they say, he appears oblivious to the dangers that could result from some of his offhand statements—particularly if he became President.

On one recent occasion, Mr. Reagan casually indicated he might feel compelled to write off Iran to the Russians. The U.S., he said, is militarily too weak to contest a Soviet invasion of Iran without igniting World War III and thus should draw the line at Saudi Arabia.

"What could we do unless you're thinking about World War III?" Mr. Reagan said. "And I'm thinking about peace."

At worst, his statement could have implications as ominous as Secretary of State Dean Acheson's announcement that Korea was beyond the American defense perimeter. Within months, North Korea invaded South Korea and the U.S. was involved in a war.

A Soviet invasion of Iran—which most military experts don't expect—could have devastating consequences for American interests in the Persian Gulf. If the U.S. failed to respond to the satisfaction of other nations in the region, their confidence in the U.S. might be shattered. Yet Mr. Reagan seems to pay little attention to such broad ramifications. "Iran's oil isn't all that important," he says in defending his stance.

The Taiwan Problem

Similarly, he talks of restoring official recognition to Taiwan apparently without giving much thought to whether such a move might undermine Washington's cooperation with mainland China to contain Soviet power—another Reagan goal.

This tendency to dig in on present positions worries the candidate's advisers. At a

U.S. fifth big and profitable rail systems in about three years.

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Factory orders dropped 5.5% in April to \$143.77 billion, posting the sharpest decline since December 1974. In another indication of deteriorating economic activity, construction spending fell 3.6%.

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Auto production plans were slashed an additional 25,000 units by U.S. auto makers, to the lowest June output schedule in more than 20 years, about 545,000 cars. Production is expected to fall 31% at GM and Ford.

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Chrysler said Peugeot has agreed to maintain an important \$100 million loan and will continue talks until the end of October on possible long-term cooperative ventures.

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Great Western Savings & Loan, the nation's second largest thrift lender, offered to purchase Financial Federation Inc. for cash and notes with an undiscounted value of \$52.65 a share, or \$221 million.

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Gold jumped \$21.20 to \$566.40, a two-month high. Analysts said the climb is likely to continue, as traders look beyond the recession to prospects of long-range inflation. In foreign-exchange trading, the dollar gained on higher U.S. interest rates.

The Fed said that central banks intervened in foreign-exchange markets in the three months ended April 30 with a near-record \$37 billion of purchases and sales.

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Big commercial banks were urged by a leading West German banker to consider a confidential private international "safety net" to handle liquidity emergencies. He cited uneasiness about international debt.

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Credit-control legislation was voted by the Senate that would abolish in the middle of 1981 the President's authority to impose emergency controls. The authority was the basis of the Fed's sweeping curbs on credit last March.

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Interest rates pressed upward as the money and capital markets began offering about \$2.2 billion in corporate issues and \$1.5 billion of state and local government securities. Long-term bond prices tumbled one point.

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Low-cost land claims filed prior to 1920 in several Western states to mine for oil shale should be approved by the Interior Department, the Supreme Court ruled. The decision was a setback for the department.

Bank. Shakkai was reported in critical condition. A third mayor escaped injury in a separate bombing incident.

The bombings prompted anti-Israeli protests and the resignation of a council in the occupied Gaza Strip. Palestinian leaders blamed Israeli Prime Minister Menachem Begin's government. The Palestine Liberation Organization said it plans to take the issue to the UN Security Council.

Begin condemned the attacks. Calling the bombings "most serious criminal acts," he promised an intensive investigation.

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A PENTAGON INQUIRY will review the failed hostage rescue mission.

The Defense Department said active and retired senior officers will suggest improvements for counterterrorist operations. The study of the aborted Iran rescue, in which eight servicemen died, is separate from usual after-action review. Officials said the five-man panel won't seek culprits or whitewash the raid.

In Tehran, a conference on "Crimes of America" drew former Attorney General Ramsey Clark and nine other Americans. A State Department aide called the session "a propaganda circus," and said American participants could face jail terms for defying a U.S. ban on travel to Iran.

The Pentagon's new investigation follows congressional criticism alleging that the Iran mission had serious shortcomings.

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KENNEDY DASHED across the U.S. in a frantic bid for votes.

In New York, the Massachusetts Senator said that he "couldn't support" Carter's economic policy. After visiting New Jersey and Ohio, Kennedy headed for California, another of today's eight Democratic primary states. Carter is expected to clinch the nomination, regardless of Kennedy's showing.

Heavy turnout is expected in California, where voters will decide on a proposition to halve the state income tax. Polls show waning support for the measure.

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Processing of Cuban refugees at the Fort Chaffee, Ark., relocation center should be speeded up by the weekend, the White House said. About 1,400 Army troops were sent to tighten security in the wake of rioting Sunday by 300 Cubans protesting delays in resettlement.

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Rep. Charles Diggs's conviction for mail fraud and for filing false payroll vouchers was left intact by the Supreme Court. The Michigan Democrat, a member of Congress since 1955, has said he will retire in January. Diggs's lawyers plan to seek reduction of his three-year prison sentence.

The Supreme Court cleared the way for a new trial of civil rights charges stemming from a 1969 police raid on Black Panther headquarters in Chicago. The court refused to block a new trial of the Panthers' damage suit charging conspiracy between federal and state agents in the raid.

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A key witness to the shooting of Vernon Jordan said she "didn't see a thing." Martha Coleman, who had just let the black civil rights leader out of her car when he was shot last Thursday, added that she